

# ARTHUR ANDERSEN LLP

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Honorable Mayor, Members of the City Commission and City Manager,  
City of Fort Lauderdale, Florida:

We have audited the accompanying general-purpose financial statements of the City of Fort Lauderdale, Florida (the "City"), as of and for the year ended September **30, 1995**, as listed in the Table of Contents. These general-purpose financial statements and the supplementary financial statements and schedules referred to below are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements and the supplementary financial statements and schedules based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial audits contained in **Government** Auditing Standards (1994 Revision), issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of September **30, 1995**, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with **Government Auditing Standards**, we have also issued a report on our consideration of the City's internal control structure and a report on its compliance with laws and regulations, both dated February **16, 1996**.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The supplemental combining, individual fund and account group financial statements and schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the general-purpose financial statements taken as a whole.

*Arthur Andersen LLP*

Fort Lauderdale, Florida,  
February **16, 1996**.

**CITY OF FORT LAUDERDALE, FLORIDA**

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
SEPTEMBER 30, 1995

	GOVERNMENTAL FUNDS				PROPRIETARY
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE
<b><u>ASSETS AND OTHER DEBITS</u></b>					
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 5,327,541	7,319,050	217,419	12,750,674	52,966,315
Investments	143,277	0	0	8,526,799	2,062,700
Receivables (Net of Allowances for Uncollectibles)					
Property Taxes	1,158,158	0	126,389	0	0
Accounts and Notes	3,325,377	100,000	0	3,819	4,202,190
Unbilled Services	0	0	0	0	2,254,227
Assessments	0	0	0	868,783	397,767
Accrued Dividends and Interest	0	0	0	0	15,385
Due from Other Funds	209,966	0	0	1,057,026	3,340,295
Due from Other Governments	1,188,215	2,769,169	0	162,607	1,559,483
Inventories	212,780	10,266,524	0	6,750	519,826
Restricted Assets					
Cash and Cash Equivalents	0	0	0	0	24,420,409
Investments	0	0	0	0	11,889,856
Accounts Receivable	0	0	0	0	0
Fixed Assets (Net of Accumulated Depreciation)	0	0	0	0	277,736,470
Investment in Joint Venture	0	0	0	0	1,492,952
Deferred Bond Issuance Costs	0	0	0	0	516,962
Advances to Other Funds	700,183	0	0	511,510	100,000
Deposits	28,900	0	0	0	0
Investments of Deferred Compensation Plan	0	0	0	0	0
<b>Total Assets</b>	<b>12,294,397</b>	<b>20,454,743</b>	<b>343,808</b>	<b>23,887,968</b>	<b>383,474,837</b>
<b>OTHER DEBITS</b>					
Amount Available for Payment of General Long-Term Debt	0	0	0	0	0
Amount to be Provided for Payment of General Long-Term Debt	0	0	0	0	0
<b>Total Other Debits</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>TOTAL ASSETS AND OTHER DEBITS</u></b>	<b>\$ 12,294,397</b>	<b>20,454,743</b>	<b>343,808</b>	<b>23,887,968</b>	<b>383,474,837</b>

The accompanying notes are an integral part of these financial statements.

FUNDS	FIDUCIARY FUNDS	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	COMPONENT UNIT	TOTALS (MEMORANDUM ONLY) REPORTING ENTITY	
		GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	PRIMARY GOVERNMENT		1995	1994 AS RESTATED
INTERNAL SERVICE	TRUST AND AGENCY						
18,828,661	61,900	0	0	97,471,560	10,804	97,482,364	90,533,254
0	348,272,002	0	0	359,004,778	0	359,004,778	331,300,134
0	0	0	0	1,284,547	0	1,284,547	1,662,788
0	0	0	0	7,631,386	0	7,631,386	7,996,421
0	0	0	0	2,254,227	0	2,254,227	2,190,184
0	0	0	0	1,266,550	0	1,266,550	551,995
0	2,374,919	0	0	2,390,304	0	2,390,304	2,495,823
0	136,861	0	0	4,744,148	0	4,744,148	4,027,337
9,505	0	0	0	5,688,979	0	5,688,979	4,290,899
358,933	0	0	0	11,364,813	0	11,364,813	11,758,589
0	0	0	0	24,420,409	0	24,420,409	23,655,533
0	0	0	0	11,889,856	0	11,889,856	11,364,174
0	0	0	0	0	0	0	45,000
13,386,817	22,296	156,993,502	0	448,139,085	0	448,139,085	444,718,599
0	0	0	0	1,492,952	0	1,492,952	1,536,838
0	0	0	0	516,962	0	516,962	671,907
0	0	0	0	1,311,693	0	1,311,693	1,930,644
0	2,175	0	0	31,075	0	31,075	30,775
0	30,757,069	0	0	30,757,069	0	30,757,069	25,430,636
32,583,916	381,627,222	156,993,502	0	1,011,660,393	10,804	1,011,671,197	966,191,530
0	0	0	212,419	212,419	0	212,419	0
0	0	0	85,637,657	85,637,657	0	85,637,657	89,456,699
0	0	0	85,850,076	85,850,076	0	85,850,076	89,456,699
32,583,916	381,627,222	156,993,502	85,850,076	1,097,510,469	10,804	1,097,521,273	1,055,648,229

Continued on next page

**CITY OF FORT LAUDERDALE, FLORIDA**

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
SEPTEMBER 30, 1995

	GOVERNMENTAL FUNDS				PROPRIETARY
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE
<u>LIABILITIES, EQUITY AND OTHER CREDITS</u>					
<b>LIABILITIES</b>					
Vouchers Payable	\$ 266,817	396,892	5,000	1,133,812	4,001,570
Contracts Payable	0	26,226	0	480,907	253,682
Accrued Payroll	1,245,234	28,772	0	0	267,880
Due to Other Funds	0	209,966	0	1,057,026	1,225,067
Due to Other Governments	123,233	2,057,607	0	0	2,804
Estimated Insurance Claims Payable	0	0	0	0	0
Payable from Restricted Assets					
Vouchers Payable	0	0	0	0	0
Accrued Interest	0	0	0	0	192,408
Deposits	0	0	0	0	2,086,513
Accrued Compensated Absences and Longevity	221,026	0	0	0	3,473,621
Deposits	1,397,657	2,385,545	0	87,443	16,652
Advances from Other Funds	0	100,000	0	0	1,211,693
Deferred Revenue	2,265,931	279,633	126,389	853,173	534,271
Deferred Compensation Payable	0	0	0	0	0
Long-Term Bonds and Notes					
Bonds and Notes Payable	0	0	0	0	43,195,000
Unamortized Bond Discount	0	0	0	0	(624,709)
Special Assessment Debt with Government Commitment	0	0	0	0	0
Estimated Landfill Closure Costs	0	0	0	0	20,500,000
	<u>5,519,898</u>	<u>5,484,641</u>	<u>131,389</u>	<u>3,612,361</u>	<u>76,336,452</u>
Total Liabilities					
<b>EQUITY AND OTHER CREDITS</b>					
Contributions	0	0	0	0	115,394,899
Investment in General Fixed Assets	0	0	0	0	0
Retained Earnings					
Reserved	0	0	0	0	21,206,304
Unreserved	0	0	0	0	170,537,182
Fund Balances					
Reserved	2,023,973	10,303,663	212,419	7,039,599	0
Unreserved	4,750,526	4,666,439	0	13,236,008	0
Total Retained Earnings/Fund Balances	<u>6,774,499</u>	<u>14,970,102</u>	<u>212,419</u>	<u>20,275,607</u>	<u>191,743,486</u>
Total Equity and Other Credits	<u>6,774,499</u>	<u>14,970,102</u>	<u>212,419</u>	<u>20,275,607</u>	<u>307,138,385</u>
<u>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</u>	<u>\$ 12,294,397</u>	<u>20,454,743</u>	<u>343,808</u>	<u>23,887,968</u>	<u>383,474,837</u>

FUNDS	FIDUCIARY FUNDS	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	COMPONENT UNIT	TOTALS (MEMORANDUM ONLY) REPORTING ENTITY	
		GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	PRIMARY GOVERNMENT		1995	1994 AS RESTATED
INTERNAL SERVICE	TRUST AND AGENCY						
996,919	872,625	0	0	7,673,635	0	7,673,635	5,573,198
10,353	0	0	0	771,168	0	771,168	1,837,365
22,566	5,493	0	0	1,569,945	0	1,569,945	1,597,465
0	2,252,089	0	0	4,744,148	0	4,744,148	4,027,337
0	26,718	0	0	2,210,362	100	2,210,462	553,376
14,936,340	0	0	0	14,936,340	0	14,936,340	13,159,004
0	0	0	0	0	0	0	1,025
0	0	0	0	192,408	0	192,408	213,424
0	0	0	0	2,086,513	0	2,086,513	1,999,525
213,049	0	0	14,467,996	18,375,692	0	18,375,692	17,462,992
0	0	0	0	3,887,297	0	3,887,297	1,556,910
0	0	0	0	1,311,693	0	1,311,693	1,930,644
0	0	0	0	4,059,397	0	4,059,397	3,224,093
0	30,757,069	0	0	30,757,069	0	30,757,069	25,430,636
0	0	0	68,647,640	111,842,640	0	111,842,640	122,582,640
0	0	0	0	(624,709)	0	(624,709)	(744,885)
0	0	0	2,734,440	2,734,440	0	2,734,440	0
0	0	0	0	20,500,000	0	20,500,000	20,500,000
16,179,227	33,913,994	0	85,850,076	227,028,038	100	227,028,138	220,904,749
11,799,531	0	0	0	127,194,430	0	127,194,430	129,121,633
0	0	156,993,502	0	156,993,502	0	156,993,502	158,807,996
0	0	0	0	21,206,304	0	21,206,304	20,609,120
4,605,158	0	0	0	175,142,340	0	175,142,340	167,512,912
0	347,713,228	0	0	367,292,882	0	367,292,882	335,192,946
0	0	0	0	22,652,973	10,704	22,663,677	23,498,873
4,605,158	347,713,228	0	0	586,294,499	10,704	586,305,203	546,813,851
16,404,689	347,713,228	156,993,502	0	870,482,431	10,704	870,493,135	834,743,480
32,583,916	381,627,222	156,993,502	85,850,076	1,097,510,469	10,804	1,097,521,273	1,055,648,229

Continued from previous page

**CITY OF FORT LAUDERDALE, FLORIDA**

COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1995

	<u>GOVERNMENTAL</u>	
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
<u>REVENUES</u>		
Property Taxes	\$ 51,102,049	0
Utility Taxes	22,646,351	0
Franchise Taxes	10,580,991	0
Licenses and Permits	4,610,386	0
Fines and Forfeitures	1,116,355	1,740,734
Intergovernmental	14,187,259	5,490,668
Charges for Services	8,308,668	0
Other	13,094,215	559,274
Total Revenues	<u>125,646,274</u>	<u>7,790,676</u>
<u>EXPENDITURES</u>		
Current		
General Government	18,005,787	12,784
Public Safety	71,816,489	3,027,620
Physical Environment	4,353,502	0
Transportation	2,186,075	125,351
Economic Environment	813,239	3,622,904
Culture and Recreation	18,180,032	13,481
Capital Outlay	0	510,495
Debt Service		
Principal Retirement	0	100,000
Interest and Fiscal Charges	0	874
Total Expenditures	<u>115,355,124</u>	<u>7,413,509</u>
<u>EXCESS REVENUES OVER (UNDER) EXPENDITURES</u>	<u>10,291,150</u>	<u>377,167</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Proceeds from Special Assessment Investment Loan	0	0
Operating Transfers In	1,368,941	2,764,528
Operating Transfers Out	(9,863,671)	(1,882,627)
Total Other Financing Sources (Uses)	<u>(8,494,730)</u>	<u>881,901</u>
<u>EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	<u>1,796,420</u>	<u>1,259,068</u>
<u>FUND BALANCES - BEGINNING OF PERIOD - AS RESTATED</u>	<u>4,999,890</u>	<u>13,791,184</u>
Equity Transfers from Other Funds	0	9,359
Equity Transfers to Other Funds	<u>(21,811)</u>	<u>(89,509)</u>
<u>FUND BALANCES - END OF PERIOD</u>	<u>\$ 6,774,499</u>	<u>14,970,102</u>

The accompanying notes are an integral part of these financial statements.

FUNDS		TOTALS (MEMORANDUM ONLY)	COMPONENT UNIT	TOTALS (MEMORANDUM ONLY) REPORTING ENTITY	
DEBT SERVICE	CAPITAL PROJECTS	PRIMARY GOVERNMENT		1995	1994 AS RESTATED
0	0	51,102,049	36,841	51,138,890	47,743,978
0	0	22,646,351	0	22,646,351	22,472,605
0	0	10,580,991	0	10,580,991	10,720,081
0	0	4,610,386	0	4,610,386	4,743,228
0	0	2,857,089	0	2,857,089	2,105,376
0	912,863	20,590,790	0	20,590,790	18,589,334
0	0	8,308,668	0	8,308,668	8,226,257
125,583	1,415,204	15,194,276	43,650	15,237,926	15,293,349
125,583	2,328,067	135,890,600	80,491	135,971,091	129,894,208
0	0	18,018,571	0	18,018,571	18,735,416
0	0	74,844,109	0	74,844,109	73,326,806
0	0	4,353,502	0	4,353,502	4,021,088
0	0	2,311,426	0	2,311,426	2,997,775
0	0	4,436,143	109,384	4,545,527	8,746,622
0	0	18,193,513	0	18,193,513	18,988,469
0	8,477,376	8,987,871	0	8,987,871	15,667,266
6,355,000	0	6,455,000	0	6,455,000	6,305,000
4,200,237	0	4,201,111	0	4,201,111	4,565,174
10,555,237	8,477,376	141,801,246	109,384	141,910,630	153,353,616
(10,429,654)	(6,149,309)	(5,910,646)	(28,893)	(5,939,539)	(23,459,408)
0	2,734,440	2,734,440	0	2,734,440	0
10,642,159	1,939,531	16,715,159	0	16,715,159	13,775,745
0	(800,290)	(12,546,588)	0	(12,546,588)	(10,453,085)
10,642,159	3,873,681	6,903,011	0	6,903,011	3,322,660
212,505	(2,275,628)	992,365	(28,893)	963,472	(20,136,748)
(86)	22,560,594	41,351,582	39,597	41,391,179	61,576,018
0	0	9,359	0	9,359	168,892
0	(9,359)	(120,679)	0	(120,679)	(216,983)
212,419	20,275,607	42,232,627	10,704	42,243,331	41,391,179

**CITY OF FORT LAUDERDALE, FLORIDA**

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) -  
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUND TYPES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1995

	GENERAL FUND			SPECIAL REVENUE	
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL
<b><u>REVENUES</u></b>					
Property Taxes	\$ 50,974,031	51,102,049	128,018	0	0
Utility Taxes	22,165,000	22,646,351	481,351	0	0
Franchise Taxes	11,090,000	10,580,991	(509,009)	0	0
Licenses and Permits	4,631,132	4,610,386	(20,746)	0	0
Fines and Forfeitures	1,273,000	1,116,355	(156,645)	0	0
Intergovernmental	13,500,723	14,187,259	686,536	5,544,678	5,490,668
Charges for Services	7,801,592	8,308,668	507,076	0	0
Other	12,985,640	13,094,215	108,575	161,512	168,188
Total Revenues	<u>124,421,118</u>	<u>125,646,274</u>	<u>1,225,156</u>	<u>5,706,190</u>	<u>5,658,856</u>
<b><u>EXPENDITURES</u></b>					
Current					
General Government	19,700,225	18,632,791	1,067,434	12,784	12,784
Public Safety	73,006,790	72,029,887	976,903	2,052,473	2,054,884
Physical Environment	4,172,627	4,367,011	(194,384)	0	0
Transportation	2,290,850	2,186,075	104,775	125,351	125,351
Economic Environment	908,785	815,596	93,189	3,658,736	3,623,699
Culture and Recreation	18,490,696	18,434,774	55,922	13,481	13,481
Capital Outlay	0	0	0	510,465	510,465
Debt Service					
Principal Retirement	0	0	0	0	100,000
Interest and Fiscal Charges	0	0	0	0	0
Total Expenditures	<u>118,569,973</u>	<u>116,466,134</u>	<u>2,103,839</u>	<u>6,373,290</u>	<u>6,440,664</u>
<b><u>EXCESS REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>5,851,145</u>	<u>9,180,140</u>	<u>3,328,995</u>	<u>(667,100)</u>	<u>(781,808)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Operating Transfers In	1,520,713	1,368,941	(151,772)	2,155,237	2,241,418
Operating Transfers Out	(9,785,891)	(9,863,671)	(77,780)	(224,060)	(224,060)
Total Other Financing Sources (Uses)	<u>(8,265,178)</u>	<u>(8,494,730)</u>	<u>(229,552)</u>	<u>1,931,177</u>	<u>2,017,358</u>
<b><u>EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u></b>	<u>(2,414,033)</u>	<u>685,410</u>	<u>3,099,443</u>	<u>1,264,077</u>	<u>1,235,550</u>
<b><u>FUND BALANCES - BEGINNING OF PERIOD - AS RESTATED</u></b>	<u>2,296,801</u>	<u>2,296,801</u>	<u>0</u>	<u>11,048,010</u>	<u>11,048,010</u>
Encumbrances at September 30, 1994	1,692,527	1,692,527	0	0	0
Repayment of Advances to Other Funds	310,379	310,379	0	0	0
Equity Transfers from Other Funds	0	0	0	0	9,359
Equity Transfers to Other Funds	(21,811)	(21,811)	0	(89,509)	(89,509)
<b><u>FUND BALANCES - END OF PERIOD</u></b>	<u>\$ 1,863,863</u>	<u>4,963,306</u>	<u>3,099,443</u>	<u>12,222,578</u>	<u>12,203,410</u>

The accompanying notes are an integral part of these financial statements.



FUNDS	DEBT SERVICE FUNDS			TOTALS (MEMORANDUM ONLY)		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
0	0	0	0	50,974,031	51,102,049	128,018
0	0	0	0	22,165,000	22,646,351	481,351
0	0	0	0	11,090,000	10,580,991	(509,009)
0	0	0	0	4,631,132	4,610,386	(20,746)
0	0	0	0	1,273,000	1,116,355	(156,645)
(54,010)	0	0	0	19,045,401	19,677,927	632,526
0	0	0	0	7,801,592	8,308,668	507,076
6,676	100,500	125,583	25,083	13,247,652	13,387,986	140,334
(47,334)	100,500	125,583	25,083	130,227,808	131,430,713	1,202,905
0	0	0	0	19,713,009	18,645,575	1,067,434
(2,411)	0	0	0	75,059,263	74,084,771	974,492
0	0	0	0	4,172,627	4,367,011	(194,384)
0	0	0	0	2,416,201	2,311,426	104,775
35,037	0	0	0	4,567,521	4,439,295	128,226
0	0	0	0	18,504,177	18,448,255	55,922
0	0	0	0	510,465	510,465	0
(100,000)	6,355,000	6,355,000	0	6,355,000	6,455,000	(100,000)
0	4,201,527	4,200,237	1,290	4,201,527	4,200,237	1,290
(67,374)	10,556,527	10,555,237	1,290	135,499,790	133,462,035	2,037,755
(114,708)	(10,456,027)	(10,429,654)	26,373	(5,271,982)	(2,031,322)	3,240,660
86,181	10,564,704	10,642,159	77,455	14,240,654	14,252,518	11,864
0	0	0	0	(10,009,951)	(10,087,731)	(77,780)
86,181	10,564,704	10,642,159	77,455	4,230,703	4,164,787	(65,916)
(28,527)	108,677	212,505	103,828	(1,041,279)	2,133,465	3,174,744
0	(86)	(86)	0	13,344,725	13,344,725	0
0	0	0	0	1,692,527	1,692,527	0
0	0	0	0	310,379	310,379	0
9,359	0	0	0	0	9,359	9,359
0	0	0	0	(111,320)	(111,320)	0
(19,168)	108,591	212,419	103,828	14,195,032	17,379,135	3,184,103

**CITY OF FORT LAUDERDALE, FLORIDA**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES  
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1995**

	<u>PROPRIETARY FUNDS</u>	
	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>
<u>OPERATING REVENUES</u>		
Charges for Services	\$ 66,250,673	22,121,683
Contributions	0	0
Investment Income	0	0
Equity in Earnings of Joint Venture	29,441	0
Other	<u>7,967,669</u>	<u>1,456,552</u>
Total Operating Revenues	<u>74,247,783</u>	<u>23,578,235</u>
<u>OPERATING EXPENSES</u>		
Personal Services	20,618,206	1,549,371
Current Expenses	37,311,959	22,302,134
Benefits Paid	0	0
Refunds	0	0
Administrative Costs	0	0
Depreciation	<u>8,301,628</u>	<u>2,725,185</u>
Total Operating Expenses	<u>66,231,793</u>	<u>26,576,690</u>
Operating Income (Loss)	<u>8,015,990</u>	<u>(2,998,455)</u>
<u>NON-OPERATING REVENUES AND EXPENSES</u>		
Revenues		
Interest	5,902,553	1,059,057
Other	<u>119,756</u>	<u>374,042</u>
Total	<u>6,022,309</u>	<u>1,433,099</u>
Expenses		
Interest and Fiscal Charges	2,673,985	0
Less Interest Capitalized	(596,594)	0
Other	<u>43,295</u>	<u>0</u>
Total	<u>2,120,686</u>	<u>0</u>
Net Non-Operating Revenues and Expenses	<u>3,901,623</u>	<u>1,433,099</u>
Income (Loss) Before Operating Transfers	<u>11,917,613</u>	<u>(1,565,356)</u>
<u>OPERATING TRANSFERS IN (OUT)</u>		
Transfers In	952,989	0
Transfers Out	<u>(3,884,571)</u>	<u>(1,236,989)</u>
Total Operating Transfers In (Out)	<u>(2,931,582)</u>	<u>(1,236,989)</u>
<u>NET INCOME (LOSS)</u>	8,986,031	(2,802,345)
Depreciation on Contributed Fixed Assets	<u>2,531,976</u>	<u>16,911</u>
Increase (Decrease) in Retained Earnings/Fund Balances	<u>11,518,007</u>	<u>(2,785,434)</u>
<u>RETAINED EARNINGS/FUND BALANCES - BEGINNING OF PERIOD</u>	180,731,440	7,390,592
Equity Transfers from (to) Other Funds	<u>(505,961)</u>	<u>0</u>
<u>RETAINED EARNINGS/FUND BALANCES - END OF PERIOD</u>	<u>\$ 191,743,486</u>	<u>4,605,158</u>

The accompanying notes are an integral part of these financial statements.

FIDUCIARY FUNDS		TOTALS (MEMORANDUM ONLY)	
NON-EXPENDABLE TRUST	PENSION TRUST	1995	1994
0	0	88,372,356	86,319,116
0	19,847,714	19,847,714	19,137,959
675,573	33,345,995	34,021,568	26,666,387
0	0	29,441	39,035
264,769	134,627	9,823,617	9,095,808
<u>940,342</u>	<u>53,328,336</u>	<u>152,094,696</u>	<u>141,258,305</u>
0	0	22,167,577	21,830,333
0	0	59,614,093	54,037,601
0	20,961,077	20,961,077	18,970,895
0	821,329	821,329	463,245
335,354	1,733,429	2,068,783	2,317,257
0	4,901	11,031,714	10,263,962
<u>335,354</u>	<u>23,520,736</u>	<u>116,664,573</u>	<u>107,883,293</u>
<u>604,988</u>	<u>29,807,600</u>	<u>35,430,123</u>	<u>33,375,012</u>
0	0	6,961,610	4,158,785
<u>0</u>	<u>0</u>	<u>493,798</u>	<u>502,760</u>
<u>0</u>	<u>0</u>	<u>7,455,408</u>	<u>4,661,545</u>
0	0	2,673,985	2,880,001
0	0	(596,594)	(524,263)
0	0	43,295	20,587
<u>0</u>	<u>0</u>	<u>2,120,686</u>	<u>2,376,325</u>
<u>0</u>	<u>0</u>	<u>5,334,722</u>	<u>2,285,220</u>
<u>604,988</u>	<u>29,807,600</u>	<u>40,764,845</u>	<u>35,660,232</u>
0	0	952,989	379,148
<u>0</u>	<u>0</u>	<u>(5,121,560)</u>	<u>(3,701,808)</u>
<u>0</u>	<u>0</u>	<u>(4,168,571)</u>	<u>(3,322,660)</u>
604,988	29,807,600	36,596,274	32,337,572
<u>0</u>	<u>0</u>	<u>2,548,887</u>	<u>2,555,918</u>
604,988	29,807,600	39,145,161	34,893,490
7,274,886	310,025,754	505,422,672	470,607,017
<u>0</u>	<u>0</u>	<u>(505,961)</u>	<u>(77,835)</u>
<u>7,879,874</u>	<u>339,833,354</u>	<u>544,061,872</u>	<u>505,422,672</u>

**CITY OF FORT LAUDERDALE, FLORIDA**

COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1995

PROPRIETARY

ENTERPRISE

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 73,998,820
Receipts from Other Funds	374,542
Other Operating Receipts	0
Payments to Suppliers	(23,125,885)
Payments for Services of Employees	(19,924,944)
Payments to Other Funds	(12,637,163)
Net Cash Provided by Operating Activities	<u>18,685,370</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Repayment of Loans to Other Funds	2,838,811
Loans from Other Funds	0
Operating Grant Receipts	334,791
Transfers from Other Funds	952,989
Repayment of Loans from Other Funds	(1,459,816)
Loans to Other Funds	(2,115,228)
Transfers to Other Funds	(4,387,619)
Net Cash Used by Non-Capital Financing Activities	<u>(3,836,072)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from Disposal of Fixed Assets	20,950
Capital Contributions	187,814
Investment in Joint Venture	73,327
Acquisition and Construction of Fixed Assets	(12,584,202)
Retirement of Debt	(4,285,000)
Interest Paid on Debt	(2,529,825)
Net Cash Used by Capital and Related Financing Activities	<u>(19,116,936)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sales and Maturities of Investments	308,100
Interest and Dividends on Investments	5,904,851
Purchase of Investments	(525,682)
Net Cash Provided (Used) by Investing Activities	<u>5,687,269</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

1,419,631

CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD

75,967,093

CASH AND CASH EQUIVALENTS - END OF PERIOD

\$ 77,386,724

CLASSIFIED AS

Unrestricted Assets	\$ 52,966,315
Restricted Assets	<u>24,420,409</u>
	\$ <u><u>77,386,724</u></u>

The accompanying notes are an integral part of these financial statements.

FUNDS	FIDUCIARY FUNDS NON-EXPENDABLE TRUST	TOTALS (MEMORANDUM ONLY)	
		1995	1994
INTERNAL SERVICE			
0	264,769	74,263,589	70,378,857
23,084,730	0	23,459,272	24,346,905
493,505	0	493,505	137,842
(19,671,019)	(111,480)	(42,908,384)	(39,364,071)
(1,469,213)	0	(21,394,157)	(22,120,779)
(255,193)	0	(12,892,356)	(13,044,152)
<u>2,182,810</u>	<u>153,289</u>	<u>21,021,469</u>	<u>20,334,602</u>
0	0	2,838,811	946,745
0	136,861	136,861	421,532
512	0	335,303	576,654
0	0	952,989	274,709
0	0	(1,459,816)	(585,129)
0	(136,861)	(2,252,089)	0
(1,236,989)	0	(5,624,608)	(4,284,321)
<u>(1,236,477)</u>	<u>0</u>	<u>(5,072,549)</u>	<u>(2,649,810)</u>
576,568	0	597,518	611,154
608,491	0	796,305	870,818
0	0	73,327	83,318
(3,382,301)	0	(15,966,503)	(13,254,797)
0	0	(4,285,000)	(4,150,000)
0	0	(2,529,825)	(2,815,669)
<u>(2,197,242)</u>	<u>0</u>	<u>(21,314,178)</u>	<u>(18,655,176)</u>
0	2,031,702	2,339,802	5,370,303
1,059,057	671,707	7,635,615	4,494,076
0	(2,971,804)	(3,497,486)	(4,538,915)
<u>1,059,057</u>	<u>(268,395)</u>	<u>6,477,931</u>	<u>5,325,464</u>
(191,852)	(115,106)	1,112,673	4,355,080
<u>19,020,513</u>	<u>149,505</u>	<u>95,137,111</u>	<u>90,782,031</u>
<u>18,828,661</u>	<u>34,399</u>	<u>96,249,784</u>	<u>95,137,111</u>
18,828,661	34,399	71,829,375	71,481,578
0	0	24,420,409	23,655,533
<u>18,828,661</u>	<u>34,399</u>	<u>96,249,784</u>	<u>95,137,111</u>

Continued on next page

**CITY OF FORT LAUDERDALE, FLORIDA**

COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1995

PROPRIETARY

ENTERPRISE

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES

<u>OPERATING INCOME (LOSS)</u>	\$ <u>8,015,990</u>
--------------------------------	---------------------

ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES

Depreciation	8,301,628
Loss on Sales of Investments	0
Interest and Dividends on Investments	0
Equity in Earnings of Joint Venture	(29,441)
Changes in Assets and Liabilities	
(Increase) Decrease in Receivables	
Accounts	177,884
Unbilled Service	(64,043)
Accrued Dividends and Interest	0
Decrease in Inventories	46,713
Decrease in Deferred Bond Issue Costs	154,945
Increase in Vouchers Payable	1,347,253
Increase (Decrease) in Accrued Payroll	(9,190)
Increase in Estimated Insurance Claims Payable	0
Increase in Deposits Payable from Restricted Assets	86,988
Increase in Accrued Compensated Absences and Longevity	702,452
Decrease in Deposits	(16,809)
Decrease in Deferred Revenue	(29,000)
Total Adjustments	<u>10,669,380</u>

<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	\$ <u><u>18,685,370</u></u>
--	-----------------------------

RECONCILIATION OF CASH AND CASH EQUIVALENTS OF FIDUCIARY FUNDS

Cash and Cash Equivalents - Non-expendable Trust Funds  
Cash and Cash Equivalents - Agency Funds

CASH AND CASH EQUIVALENTS - FIDUCIARY FUNDS

FUNDS INTERNAL SERVICE	FIDUCIARY FUNDS NON-EXPENDABLE TRUST	TOTALS (MEMORANDUM ONLY)	
		1995	1994
<u>(2,998,455)</u>	<u>604,988</u>	<u>5,622,523</u>	<u>8,993,666</u>
2,725,185	0	11,026,813	10,258,695
0	8,775	8,775	(18,105)
0	(671,707)	(671,707)	(333,095)
0	0	(29,441)	(39,035)
0	0	177,884	(629,775)
0	0	(64,043)	283,074
0	(12,641)	(12,641)	5,441
24,708	0	71,421	245,117
0	0	154,945	168,836
573,878	223,874	2,145,005	918,531
4,674	0	(4,516)	(514,663)
1,777,336	0	1,777,336	884,856
0	0	86,988	49,467
75,484	0	777,936	224,217
0	0	(16,809)	(88,421)
0	0	(29,000)	(74,204)
<u>5,181,265</u>	<u>(451,699)</u>	<u>15,398,946</u>	<u>11,340,936</u>
<u>2,182,810</u>	<u>153,289</u>	<u>21,021,469</u>	<u>20,334,602</u>
	\$ 34,399		
	<u>27,501</u>		
	<u>\$ 61,900</u>		

Continued from previous page

**CITY OF FORT LAUDERDALE, FLORIDA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995**

**INDEX**

<u>Note</u>		<u>Page</u>
(1)	Summary of Significant Accounting Policies . . . . .	17
(2)	Property Taxes . . . . .	24
(3)	Comparison of Budget to Actual Results . . . . .	25
(4)	Cash and Cash Equivalents and Investments . . . . .	25
(5)	Interfund Receivable and Payable Balances . . . . .	27
(6)	Fixed Assets . . . . .	28
(7)	Investment in Joint Venture . . . . .	29
(8)	Risk Management . . . . .	29
(9)	Long-Term Debt . . . . .	30
(10)	Estimated Landfill Closure Costs . . . . .	32
(11)	Contributions . . . . .	32
(12)	Retained Earnings/Fund Balances . . . . .	33
(13)	Employee Retirement Systems . . . . .	34
(14)	Other Postemployment Benefits . . . . .	38
(15)	Deferred Compensation Plan . . . . .	38
(16)	Other Income . . . . .	38
(17)	Equity Transfers . . . . .	39
(18)	Operating Leases . . . . .	39
(19)	Segments of Enterprise Activities . . . . .	40
(20)	Commitments and Contingent Liabilities . . . . .	40



NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the City of Fort Lauderdale, Florida (the City) have been prepared in accordance with generally accepted accounting principles (GAAP) applicable to governmental units. The following is a summary of the more significant accounting policies of the City:

- (A) **The Financial Reporting Entity** - The City was incorporated in 1911, covers an area of approximately 32 square miles and is the county seat of Broward County, Florida. The City is governed by an elected five member commission composed of a Mayor and four District Commissioners and provides services to its approximately 149,200 residents in many areas, including law enforcement, community enrichment and development and various human services. As required by GAAP, these financial statements present the City of Fort Lauderdale (the primary government) and its component units. The component units discussed in note I(B) below are included in the City's reporting entity because of the significance of their operational and financial relationships with the City.
- (B) **Individual Component Unit Disclosure** - The criteria used for including component units consists of identification of legally separate organizations for which the elected officials of the City are financially accountable. This criteria also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

The Fort Lauderdale Central Beach Community Redevelopment Agency (CBCRA) is governed by a five member board appointed by the City Commission (currently composed of the City Commission, itself). Although it is legally separate from the City, the CBCRA is reported as part of the primary government because its sole purpose is to finance and redevelop the City's designated central beach redevelopment area. The CBCRA is reported within the special revenue fund type using the blended method. Separate financial information for the CBCRA can be obtained from the City's Economic Development Department.

The Sunrise Key Safe Neighborhood Improvement District (SK) is governed by a seven member board appointed by the City Commission. While legally separate from the City, SK is reported as part of the reporting entity under the discretely presented method because the City's elected officials are financially accountable for

CITY OF FORT LAUDERDALE, FLORIDA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995

the SK. The City Commission has the power to approve, disapprove or modify the budget and millage rates or assessments submitted by the board. Separate financial information can be obtained from the District.

- (C) **Related Organizations** - The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these *organizations* does not significantly extend beyond making the appointments.

The City Commission appoints the governing board of the City of Fort Lauderdale Downtown Development Authority (DDA) and the Housing Authority of the City of Fort Lauderdale (HA). The City is not financially accountable for either the DDA or HA.

- (D) **Joint Ventures** - The City is a participant with the Performing Arts Center Authority (PACA) and the DDA in a joint venture to own and operate the 950 space Arts and Science District Parking Garage. The City has an ongoing financial interest in this joint venture which is discussed in note 7.

- (E) **Basis of Presentation** - The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, equities, revenues and expenditures or expenses. The various funds are grouped by type in the financial statements. The following fund types and account groups are used by the City:

**GOVERNMENTAL FUND TYPES**

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of changes in financial position, rather than net income. The following are the City's governmental fund types:

**General Fund** - The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The general operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

**CITY OF FORT LAUDERDALE, FLORIDA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995**

**Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

**Debt Service Funds** - Debt service funds are used to account for the annual payment of principal, interest and other expenditures on general long-term debt, other than bonds payable from the operations of the enterprise funds.

**Capital Projects Funds** - Capital projects funds are used to account for financial resources segregated for the acquisition or construction of major capital facilities other than those financed by enterprise operations.

**PROPRIETARY FUND TYPES**

Proprietary funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is on determination of net income. The following are the City's proprietary fund types:

**Enterprise Funds** - Enterprise funds are used to account for operations that provide a service to citizens, financed primarily by a user charge, and where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Internal Service Funds** - Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City or to other governmental units.

**FIDUCIARY FUND TYPES**

Fiduciary funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governmental units, and/or other funds. The following are the City's fiduciary fund types:

**Trust and Agency Funds** - Trust and agency funds are used to account for assets held in trust or as an agent by the City for others. The City has two types of trust funds: nonexpendable and pension. Nonexpendable and pension trust funds are accounted for and reported with the proprietary funds. Agency funds are custodial in nature and do not involve measurement of net income.

CITY OF FORT LAUDERDALE, FLORIDA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995

**ACCOUNT GROUPS**

Account groups are used to establish accounting controls and accountability for the City's general fixed assets and its general long-term debt. The City's account groups are further described below:

**General Fixed Assets Account Group** - This account group is established to account for all fixed assets of the City, other than those accounted for in the enterprise, internal service and pension trust funds.

**General Long-Term Debt Account Group** - This account group is established to account for all long-term debt of the City except that accounted for in the enterprise funds.

**COMPARATIVE TOTAL DATA**

Comparative total data are the aggregate of the fund types, account groups and the discretely presented component unit. No consolidating or other eliminations were made in arriving at the totals; thus, they do not present consolidated financial information and are labeled as "memorandum only".

Total data for the prior year have been presented in the accompanying combined, financial statements in order to provide an understanding of changes in the City's financial position and operations and have been restated to reflect a correction in grant revenue recognition in the Intergovernmental Revenue Special Revenue Fund. In prior years, certain Community Development Block Grant revenues were recognized without the offset of program income, resulting in an overstatement of designated fund balance and the related receivable.

- (F) **Basis of Accounting** - The modified accrual basis of accounting is followed by the governmental and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual, i.e., measurable and available to finance the City's operations. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the related fund liabilities are incurred, if measurable, except for interest on long-term debt and the long-term portion of accumulated compensated absences and longevity pay, which are recognized when due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts

**CITY OF FORT LAUDERDALE, FLORIDA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995**

will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if susceptible to accrual.

The major utility and franchise taxes are recorded as revenues when earned. Licenses and permits, fines and forfeitures, charges for services, and other revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Property taxes are recorded as revenues in the fiscal year levied, provided they are collected in the current period or within sixty days thereafter. Those remaining uncollected are recorded as deferred revenues. Investment income is recorded as revenue when earned. Special assessments are recorded as revenues only to the extent that individual installments are considered available.

The accrual basis of accounting is utilized by proprietary funds and pension and nonexpendable trust funds. Unbilled service receivables have been accrued in the proprietary funds.

- (G) **Budgetary Data** - The City Commission follows these procedures in establishing the budgetary data reflected in the financial statements:
- (1) Prior to September 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.
  - (2) Public hearings are conducted.
  - (3) Prior to October 1, the budget is legally enacted.
  - (4) The level of control (level at which expenditures may not exceed budget) is the department. The City Manager is authorized to transfer budgeted amounts within departments of any fund. Any revisions that alter the total expenditures of any department must be approved by the City Commission. Unencumbered balances of appropriations lapse at year end.
  - (5) Budgets have been adopted for all governmental and proprietary funds except the Law Enforcement Confiscated Property Special Revenue Fund and the capital project funds. The budgets have been adopted on a basis consistent with generally accepted accounting principles with the following exceptions: Advances from other funds are presented as revenues, and encumbrances,

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995

advances to other funds and principal on long-term debt of the proprietary funds are presented as expenditures or expenses (see note 3 for further disclosure).

The reported budgetary data represents the final approved budget after amendments adopted by the City Commission with one exception. Budgets for grants and shared revenues from other governmental units which do not lapse at year end are only reported to the extent of revenues recognized and expenditures incurred for the current year. Individual amendments were not material in relation to the original adopted budget.

- (H) **Encumbrances** - Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities.
- (I) **Cash and Cash Equivalents** - The City considers cash on hand, cash with fiscal agents, demand deposits and bank repurchase agreements as cash and cash equivalents. In addition, each fund's equity in the City's investment pool has been treated as a cash equivalent since cash may be deposited or withdrawn from the pool at any time without prior notice or penalty.
- (J) **Investments** - Investments are stated at cost with the exception of those of the Deferred Compensation Plan which are stated at market value. Income from investments held by the individual funds is recorded in the respective fund as it is earned. All other investments owned by the City are accounted for in the City's investment pool. Income earned from this pool is allocated to the respective funds based upon average monthly balances.
- (K) **Inventories** - Inventories in the special revenue and capital projects funds are composed of land held for redevelopment or resale and are stated at cost. Inventories of materials and supplies in the general, enterprise and internal service funds are based on year end physical counts priced at weighted average cost. Inventories are recognized as expenditures or expenses when consumed.
- (L) **Advances to Other Funds** - Long-term interfund advances of the governmental funds are recorded by the advancing fund as a receivable and a reservation of fund balance. Repayments reduce the corresponding receivable and the reserve.

CITY OF FORT LAUDERDALE, FLORIDA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995

- (M) **Fixed Assets - Proprietary and Similar Trust Funds** - Property, plant and equipment owned by the proprietary and similar trust funds are stated at cost or estimated historical cost. Contributions of fixed assets received from Federal, state or local sources are recorded as contributions when received and are stated at estimated fair market value at the time of acquisition. Depreciation on such externally contributed fixed assets is recorded as a reduction of contributed equity. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Interest is capitalized on projects during the construction period based upon average accumulated project expenditures.

Depreciation of plant and equipment is provided on the straight-line basis over the following estimated useful lives:

Buildings	40-50 years
Improvements	20-50 years
Equipment	3-15 years

- (N) **General Fixed Assets** - General fixed assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost in the general fixed assets account group. In the case of gifts or contributions, such assets are recorded at fair market value at the time received.

Certain improvements, including roads, bridges, curbs and gutters, streets, sidewalks and lighting systems, are not capitalized. Such assets normally are immovable and of value only to the City. No depreciation has been provided on general fixed assets.

- (O) **Pension Plans** - The City provides separate defined benefit pension plans for general employees and uniformed police and fire department personnel. It is the City's policy to fund the normal cost and amortization of the unfunded prior service cost (see note 13).
- (P) **Self-Insurance** - The City is self-insured for general liability, automobile liability, workers' compensation and certain death benefits. The operating funds are charged premiums by the City Insurance Internal Service Fund. The accrued liability for estimated claims represents an estimate of the eventual loss on claims arising prior to year end including claims incurred and not yet reported.
- (Q) **Employee Compensated Absences and Longevity** - City employees are granted sick, vacation and longevity pay in varying amounts based on length of service. Compensatory time is granted to employees in lieu of overtime pay at the employee's request. Sick leave payments to terminated employees are based on

CITY OF FORT LAUDERDALE, FLORIDA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995

length of service. Unused vacation pay and compensatory time are paid upon an employee's termination. Longevity pay is paid to eligible employees annually based on length of service. Expenditures for accumulated compensated absences and longevity have been recorded in the governmental funds to the extent that such amounts will be paid from expendable available resources. The remaining portion has been recorded as a liability in the general long-term debt account group. Accumulated compensated absences and longevity are recorded as expenses in the proprietary funds when earned.

- (R) **Reserves** - Reserves are reported in the various funds to indicate that portion of fund balance/retained earnings legally segregated for specific purposes.
- (S) **Landfill Closure Costs** - Landfill closure and postclosure care costs represent an estimate of the City's share of total current costs to close and monitor the City's landfill. The landfill is accounted for in the Sanitation Enterprise Fund.
- (T) **Proprietary Fund Accounting** - In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", all proprietary funds will apply all applicable GASB pronouncements and all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The City chooses not to follow FASB guidance issued after November 30, 1989 for its proprietary funds.

**(2) PROPERTY TAXES:**

The City's property tax is levied, becomes a lien on real and personal property located in the City and is recorded as a receivable on October 1 of each year based upon the assessed value listed as of the prior January 1. Assessed values are established by the Broward County Property Appraiser. The assessed value at January 1, 1994, upon which the 1994-95 levy was based, was approximately \$9.1 billion.

The City is permitted by state law to levy taxes up to 10 mills of assessed valuation for General Fund operations exclusive of voted debt levies. Taxes levied for the General Fund for the 1994 95 fiscal year were 5.2485 mills for operations and 0.5375 for debt service.

All taxes are due from property holders on March 31, become delinquent on April 1 and become subject to the issuance of tax sale certificates on June 1. Current tax collections for the year ended September 30, 1995 were approximately 99.1% of the total tax levy.



**CITY OF FORT LAUDERDALE, FLORIDA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995**

**(3) COMPARISON OF BUDGET TO ACTUAL RESULTS:**

As discussed in note I(G)(5), certain adjustments are necessary to compare actual data on a GAAP versus budget basis. Adjustments necessary to compare the fund balances of the general and special revenue funds at year end follow:

	<u>General</u>	<u>Special Revenue</u>
<b>Combined statement of revenues, expenditures and changes in fund balances - page 6</b>	<b>\$6774,499</b>	<b>14,970,102</b>
<b>Basis of accounting adjustments:</b>		
Advances from other funds	0	100,000
Advances to other funds	(700,183)	0
Encumbrances	(1,111,010)	(795)
<b>Equity adjustments:</b>		
Fund balances of non-budgeted funds		
Law Enforcement Confiscated Property Fund	<u>0</u>	<u>(2,865,897)</u>
<b>Combined statement of revenues, expenditures and changes in fund balances - budget and actual (budget basis) - page 8</b>	<b>\$ <u>4,963,306</u></b>	<b><u>12,203,410</u></b>

The City Attorney and Planning and Economic Development departments within the General Fund had excesses of actual expenditures over budget for the year of \$5,100 and \$34,728, respectively. In addition, the Beach Community Redevelopment Agency Fund and the City Insurance Fund had excesses of expenditures/expenses over budget of \$84,067 and \$2,282,634, respectively .

**(4) CASH AND CASH EQUIVALENTS AND INVESTMENTS:**

The City maintains a common cash and investment pool for use by all funds. In addition, cash and investments are separately held by the City's general, capital projects, enterprise and trust funds.

**Cash and Cash Eauivalents**

At September 30, 1995 the carrying amount of the City's deposits was a negative book balance of \$3,111,810 with a bank balance of \$546,591. Of the bank balance, \$250,962 was covered by Federal depository insurance or by collateral held by the City's agent in the City's name and \$295,629 was insured via participation by the bank in the Florida Security for Public Deposits Act. Included in the carrying amount of deposits was \$37,655 cash on hand.

CITY OF FORT LAUDERDALE, FLORIDA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995

Investments

Florida Statutes and City Ordinance authorize City officials to invest pooled funds in United States bonds and obligations, guaranteed United States agency issues, Florida county, municipal and district general, excise and revenue obligations, the Florida State Investment Pool, Florida bank certificates of deposit, bankers acceptances, repurchase agreements, reverse repurchase agreements and prime commercial paper issues. In addition, the trust funds are authorized to invest in corporate bonds and stocks, money market funds, real estate and mortgages and notes.

The City's investments are categorized by type to give an indication of the level of credit risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the City's counterparty, or by its trust department or agent, but not in the City's name.

At September 30, 1995 the carrying amount, market value and category of credit risk of the City's investments are as follows:

	<u>Category</u>			<u>Carrying</u>	<u>Market</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Value</u>
U.S. Treasury Securities	\$ 5,554,708	50,425,094	3,497,172	59,476,974	64,443,249
U.S. Government Agency Securities	0	46,929,624	200,000	47,129,624	48,196,540
Bank Repurchase Agreements	0	0	11,277,001	11,277,001	11,277,001
Corporate Obligations	0	31,597,492	0	31,597,492	32,400,689
Preferred Stock	0	791	0	791	817
Common Stock	0	<u>180,353,110</u>	<u>1,889,607</u>	<u>182,242,717</u>	<u>228,146,787</u>
	<u>\$ 5,554,708</u>	<u>309,306,111</u>	<u>16,863,780</u>	331,724,599	384,465,083
Money Market Mutual Funds				27,842,464	28,521,427
Florida State Investment Pool				128,016,156	128,016,156
Real Estate				5,536,648	3,685,067
Deferred Compensation Plan				30,757,069	30,757,069
Other				<u>2,734,440</u>	<u>2,734,440</u>
				<u>\$ 526,611,376</u>	<u>578,179,242</u>

As of September 30, 1995 the Florida State Investment Pool contained certain insignificant floating rate notes, which could be classified as "derivative" investments under GASB Technical Bulletin No. 94-1.

Interest receivable on the City's investment pool amounted to \$44,106 at September 30, 1995.

CITY OF FORT LAUDERDALE, FLORIDA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995

**The City's bank repurchase agreements are collateralized at the bank's holding company trust department with securities pledged to the City having a market value of \$11,509,891 at year end. Due to fluctuating cash flows throughout the year, the City's investment in overnight bank repurchase agreements, for which the underlying securities were held by the bank's holding company trust department, varies significantly. As a result, the amounts that were classified in Category 3 during the year at times were higher than at year end.**

**(5) INTERFUND RECEIVABLE AND PAYABLE BALANCES:**

**Individual interfund receivable and payable balances at September 30, 1995 follow:**

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
General Fund	\$ 209,966	0	700,183	0
<b>Special</b> Revenue Funds				
Intergovernmental Revenue	0	209,966	0	100,000
Capital Projects Funds:				
General <b>Capital</b> Projects	1,057,026	0	511,510	0
Excise Tax Construction 1996	0	1,057,026	0	0
Enterprise Funds:				
Water and Sewer	1,225,067	0	100,000	0
Sanitation	0	1,225,067	0	0
Parking System	2,115,228	0	0	0
<b>Airport</b>	0	0	0	1,211,693
Trust Funds:				
General Reserve Endowment	136,861	0	0	0
<b>Perpetual</b> Care	0	136,861	0	0
General Employees Pension	0	994,914	0	0
Police and Fire Pension	0	1,120,314	0	0
	<u>\$ 4,744,148</u>	<u>4,744,148</u>	<u>1,311,693</u>	<u>1,311,693</u>

**CITY OF FORT LAUDERDALE, FLORIDA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995**

**(6) FIXED ASSETS:**

The components of fixed assets at September 30, 1995 follow:

	<u>Proprietary Funds</u>			<u>General Fixed Assets Account Group</u>	<u>Total</u>
	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Trust Funds</u>		
Land	\$ 14,544,043	0	0	23,530,357	38,074,400
Buildings	166,611,750	45,829	0	72,429,030	239,086,609
Improvements	178,535,870	672,921	0	38,186,378	217,395,169
Equipment	19,787,513	27,580,649	72,782	21,098,272	68,539,216
Work in Progress	<u>11,342,964</u>	<u>115,314</u>	<u>0</u>	<u>1,749,465</u>	<u>13,207,743</u>
	390,822,140	28,414,713	72,782	156,993,502	576,303,137
Less Accumulated Depreciation	<u>113,085,670</u>	<u>15,027,896</u>	<u>50,486</u>	<u>0</u>	<u>128,164,052</u>
	<u>\$ 277,736,470</u>	<u>13,386,817</u>	<u>22,296</u>	<u>156,993,502</u>	<u>448,139,085</u>

The following tables summarize changes in components of the general fixed assets account group:

	<u>Balance October 1, 1994</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 1995</u>
Land	\$ 23,528,062	2,295	0	23,530,357
Buildings	70,266,454	2,162,576	0	72,429,030
Improvements	37,782,227	404,151	0	38,186,378
Equipment	23,311,738	1,217,344	3,430,810	21,098,272
Work in Progress	<u>3,919,515</u>	<u>535,161</u>	<u>2,705,211</u>	<u>1,749,465</u>
	<u>\$ 158,807,996</u>	<u>4,321,527</u>	<u>6,136,021</u>	<u>156,993,502</u>

The sources of general fixed assets acquired follow:

General Fund	\$ 16,906,129
Special Revenue:	
Intergovernmental Revenue Fund	17,663,955
Law Enforcement Confiscated Property Fund	4,655,390
Capital Projects:	
Excise Tax Construction Funds	16,410,486
General Obligation Construction Funds	73,256,628
General Capital Projects Fund	10,299,530
Enterprise	287,137
Contributed	1,940,191
Assets acquired prior to October 1, 1974 - sources undetermined	<u>15,574,056</u>
	<u>\$ 156,993,502</u>

CITY OF FORT LAUDERDALE, FLORIDA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995

(7) INVESTMENT IN JOINT VENTURE:

The City has entered into agreements with the Performing Arts Center Authority (PACA) and the City of Fort Lauderdale Downtown Development Authority (DDA) for the construction and operation of a 950 space parking garage in the Arts and Science District of the City. The City, as operating agent, has full and exclusive responsibility for operation and maintenance of the garage which is being accounted for as a joint venture in the Parking System Fund using the equity method of accounting.

The City collects all revenues and pays all operating expenses associated with the garage and determines the allocation to each of the participants on a monthly basis. Net income for the year was \$340,088 which was derived exclusively from operations. The equity interests of the City, the PACA and the DDA totaled \$1,492,951, \$1,715,035 and \$804,086, respectively at September 30, 1995. Separate financial statements for the joint venture can be obtained from the City's Finance Department.

(8) RISK MANAGEMENT:

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City Insurance Internal Service Fund is used to account for and finance both uninsured and insured risks of loss. Coverage is provided for workers' compensation, general liability, auto liability and police professional liability as specified by applicable Federal and state statutes. The City purchases commercial insurance for workers' compensation claims in excess of \$600,000 for general employees and \$750,000 for police officers and firefighters with limits of \$10 million per accident. In addition, property insurance is purchased for City structures with values generally greater than \$100,000 with total limits in force of \$250 million. Settled claims have never exceeded the City's retention and excess coverage in force.

All operating funds of the City participate in the program and make payments to the fund based on estimates of the amounts needed to pay prior and current claims and to provide fund equity for catastrophic losses. The estimated insurance claims payable at September 30, 1995 of \$14,936,340 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the balance of estimated insurance claims payable for the fiscal years ended September 30, 1994 and 1995 follow:

	Balance October 1.	New Claims and Changes in Estimates	Claim Payments	Balance September 30.
Fiscal Year Ending in:				
1994	\$ 12,274,148	5,003,448	4,118,592	13,159,004
1995	13,159,004	7,100,862	5,323,526	14,936,340

**CITY OF FORT LAUDERDALE, FLORIDA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995**

**(9) LONG-TERM DEBT:**

The following is a summary of long-term debt transactions of the City for the fiscal year ended September 30, 1995:

	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>General Long-Term Debt</u>
Payable at October 1, 1994	\$ 70,751,169	137,565	89,456,699
New Debt Issued:			
Special Assessment Debt with Government Commitment	0	0	2,734,440
Debt Retired:			
General Obligation Bonds	(625,000)	0	(2,270,000)
Excise Tax Bonds	(660,000)	0	(3,855,000)
Revenue Bonds	(3,000,000)	0	0
Tax Increment Revenue Bonds	0	0	(230,000)
Promissory Note	0	0	(100,000)
Net Change in Accrued Compensated Absences and Longevity	<u>702,452</u>	<u>75,484</u>	<u>113,937</u>
Payable at September 30, 1995	\$ <u>67,168,621</u>	<u>213,049</u>	<u>85,850,076</u>

Bonds and Notes Payable at September 30, 1995 consists of:

	<u>Enterprise Funds</u>	<u>General Long-Term Debt</u>
General Obligation Bonds	\$ 1,175,000	35,710,000
Excise Tax Bonds	10,815,000	26,360,000
Water and Sewer Revenue Bonds	31,205,000	0
Tax Increment Revenue Bonds	0	6,335,000
Promissory Notes	<u>0</u>	<u>242,640</u>
	\$ <u>43,195,000</u>	<u>68,647,640</u>

Bonds outstanding at September 30, 1995 mature in varying amounts during succeeding fiscal years through 2012. Interest rates are as follows: 4.0% to 7.0% on general obligation bonds, 3.75% to 6.6% on excise tax bonds, 3.75% to 5.7% on revenue bonds, 4.45% to 6.2% on tax increment revenue bonds and 6.16% on the promissory notes.

The annual requirements to pay principal and interest on the bonds and notes outstanding at September 30, 1995 (in thousands) follow:

**CITY OF FORT LAUDERDALE, FLORIDA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995**

<b>Fiscal Year Ending In:</b>	<b>Enterprise Funds</b>			<b>General Low-Term Debt</b>		
	<u><b>Principal</b></u>	<u><b>Interest</b></u>	<u><b>Total</b></u>	<u><b>Principal</b></u>	<u><b>Interest</b></u>	<u><b>Total</b></u>
1996	\$ 4,700	2,202	6,902	6,610	3,847	10,457
1997	4,645	1,997	6,642	6,450	3,467	9,917
1998	4,125	1,791	5,916	5,743	3,218	8,961
1999	4,085	1,588	5,673	4,475	2,825	7,300
2000	4,080	1,378	5,458	4,515	2,592	7,107
2001-2005	15,670	4,066	19,736	26,040	8,884	34,924
2006-2010	5,890	676	6,566	13,710	1,698	15,408
2011-2012	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,105</u>	<u>104</u>	<u>1,209</u>
	<u><b>\$ 43,195</b></u>	<u><b>13,698</b></u>	<u><b>56,893</b></u>	<u><b>68,648</b></u>	<u><b>26,635</b></u>	<u><b>95,283</b></u>

City ordinance limits the amount of net general obligation bonded debt to 15% of the assessed property valuation. At September 30, 1995 the statutory limit for the City was approximately \$1.361 billion providing a debt margin of approximately \$1.325 billion.

Water and Sewer Revenue Bonds are secured by a pledge of the net revenues of the City's water and sewer system. General Obligation Bonds are secured by the full faith and credit of the City. The Excise Tax Bonds are secured by a pledge of certain utility service, cigarette and franchise taxes. In addition, the City of Pompano Beach, Florida has contractually agreed to pay 39% of the debt service costs on the \$9.2 million Excise Tax Improvement Bonds, Series 1992 which were used to fund an 800 MHz public safety communications system for both cities. Tax Increment Revenue Bonds are secured by a pledge of the net revenues of the City's parking system.

The bond resolutions of the various Excise Tax Improvement and Revenue Bond issues require that sufficient funds be available to meet the largest debt service requirement in any ensuing fiscal year. The City maintains a municipal bond debt service reserve fund insurance policy to satisfy this requirement for its outstanding Excise Tax Improvement Bonds, thereby eliminating the need to set aside funds for this purpose. At September 30, 1995 funds available met debt service requirements for Revenue Bonds.

The City has refinanced various bond issues through the issuance of refunding bond issues. The proceeds from the refunding issues have been deposited in irrevocable trusts at commercial banks and invested in U.S. Government securities, which together with interest earned thereon, will provide amounts sufficient for future payment of principal and interest on the issues refunded. The assets, liabilities, and financial transactions of these trust accounts are not reflected in the financial statements of the City. Defeased debt outstanding at September 30, 1995 is as follows:

CITY OF FORT LAUDERDALE, FLORIDA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995

<u>Series</u>	<u>Issue</u>	<u>Amount</u>
1966A	Water and Sewer Revenue	\$ 160,000
1966B	Water and Sewer Revenue	115,000
1966C	Water and Sewer Revenue	205,000
1973	Water and Sewer Revenue	3,570,000
1978	Water and Sewer Revenue	16,900,000
1987	General Obligation Bonds	<u>30,900,000</u>
		<u>\$ 51,850,000</u>

During the fiscal year, the City Commission authorized the construction of a beautification project in the Galt Ocean Mile area of the City to be financed primarily by special assessments. To provide construction funds for the improvements, a special assessment investment loan was established in the amount of \$2,734,440. The loan was made from pooled investments and will be repaid from assessments to benefiting property owners. During construction the interest rate on the loan will be 6%. When assessments are levied the interest rate will convert to a rate approximating five year U.S. Treasury securities. Since the loan will be repaid from special assessments to be levied in the subsequent fiscal year, a maturity schedule cannot be prepared at this time. Property owners will be given the option to pay their assessments over a period ranging from five to ten years. The City's commitment to the debt is limited to the loan made from pooled investments.

**(10) ESTIMATED LANDFILL CLOSURE COSTS:**

The Wingate landfill and incinerator was an active disposal site from 1954 to 1978. This landfill has been designated by the Environmental Protection Agency (EPA) as a superfund site requiring the City to take remedial action. During the current fiscal year the City completed a Remedial Investigation and Feasibility Study. Based on the results, the EPA has tentatively recommended a single layer cap to remediate this site. A liability in the amount of \$20,500,000 was recorded in the prior year in the Sanitation Enterprise Fund for closure and postclosure care of the site. This liability represents the estimated City share of total closure and postclosure costs and is composed of administrative, legal, remedial design, remedial construction, regulatory and related future postclosure costs. These amounts are based on what it would cost if all postclosure costs were incurred in 1995. It is anticipated that postclosure costs will be financed with revenue bonds.

**(11) CONTRIBUTIONS:**

The enterprise and internal service funds receive permanent contributions of capital from certain government agencies and other sources. Most of these contributions are restricted by the contributing government agency to the acquisition or construction of capital facilities. The additions and major sources of contributions are as follows:



**CITY OF FORT LAUDERDALE, FLORIDA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995**

	<u>Water and Sewer</u>	<u>Other Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
<b>Contributions at October 1, 1994</b>	<b>\$ 106,438,748</b>	<b>11,237,314</b>	<b>11,445,571</b>	<b>129,121,633</b>
<b>Additions (Deletions):</b>				
<b>Federal Government</b>	0	0	89,509	89,509
<b>Broward County</b>	0	(46,686)	0	(46,686)
<b>Other Funds (Net)</b>	0	177,902	281,362	459,264
<b>Developers</b>	43,757	25,000	0	68,757
<b>Other</b>	50,840	0	0	50,840
<b>Current Year Depreciation</b>	<u>(2,120,232)</u>	<u>(411,744)</u>	<u>(16,911)</u>	<u>(2,548,887)</u>
<b>Contributions at September 30, 1995</b>	<b>\$ <u>104,413,113</u></b>	<b><u>10,981,786</u></b>	<b><u>11,799,531</u></b>	<b><u>127,194,430</u></b>

**(12) RETAINED EARNINGS/FUND BALANCES:**

Reserves have been established in the various funds to comply with generally accepted accounting principles or covenants contained in the bond resolutions of the revenue bond issues. In addition, portions of the unreserved fund balances have been designated for subsequent years' expenditures.

At September 30, 1995 the components of Retained Earnings/Fund Balances consist of the following:

		<u>Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
Retained Earnings:				
Reserved for				
Revenue Bond Retirement		\$ 3,753,907	0	3,753,907
Replacement and Improvement		5,443,580	0	5,443,580
Regional Capital Improvements		12,008,817	0	12,008,817
<b>Unreserved</b>		<u>170,537,182</u>	<u>4,605,158</u>	<u>175,142,340</u>
		<b>\$ <u>191,743,486</u></b>	<b><u>4,605,158</u></b>	<b><u>196,348,644</u></b>

  

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Trust and Agency</u>	<u>Total</u>
Fund Balances:						
Reserved for						
Encumbrances	\$ 1,111,010	37,139	0	6,521,339	0	7,669,488
<b>Inventories</b>	<b>212,780</b>	<b>10,266,524</b>	0	6,750	0	<b>10,486,054</b>
Advances to Other Funds	700,183	0	0	511,510	0	1,211,693
Retirement	0	0	0	0	339,833,354	339,833,354
Endowments	0	0	0	0	7,879,874	7,879,874
Debt Service	0	0	212,419	0	0	212,419
Unreserved						
Designated for Subsequent Years' Expenditures	3,452,470	1,751,207	0	9,362,389	0	14,566,066
Undesignated	1,298,056	2,915,232	0	3,873,619	0	8,086,907
	<b>\$ <u>6,774,499</u></b>	<b><u>14,970,102</u></b>	212,419	<b><u>20,275,607</u></b>	<b><u>347,713,228</u></b>	<b><u>389,945,855</u></b>

**CITY OF FORT LAUDERDALE, FLORIDA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995**

At September 30, 1995 the Sanitation Enterprise Fund had a deficit balance in retained earnings of \$19,810,586 resulting from its estimated landfill closure liability of \$20,500,000 million (see note 10). This deficit is partially offset by accumulated contributions of \$1,554,566, resulting in a net deficit in fund equity of \$18,256,020. In addition, the City Insurance Internal Service Fund had a deficit balance in retained earnings of \$2,029,728 which was partially offset by accumulated contributions totaling \$802,315, resulting in a net deficit in fund equity of \$1,227,413.

**(13) EMPLOYEE RETIREMENT SYSTEMS:**

**Plan Descriptions**

**General Employees Retirement System**

The General Employees Retirement System is a single-employer defined benefit plan which covers all City employees except police and firefighters. The City's payroll for employees covered by the plan applicable to the October 1, 1994 actuarial valuation was approximately \$41,845,000. The total City payroll at that time was approximately \$89,550,000. As of the valuation date, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	855
Fully, partially and non-vested active plan participants	1,343

Under the vesting provisions of the plan, most employees are entitled to a percentage, ranging from 40% for 8 years of service to 100% for 10 years of service, of normal retirement benefits beginning at age 58. Certain employees hired on or after October 1, 1983 electing reduced benefits are entitled to 100% of normal retirement benefits after 10 years of service beginning at age 65. Members who terminate prior to vesting are entitled to a refund of employee contributions plus interest at 3% per year. These benefit provisions and all other requirements are established by City ordinance.

Employees contribute from 4% to 6% of their earnings to the plan. The City is required to contribute the remaining amounts necessary to fund the plan, based on an amount determined by the plan's actuaries as of October 1 each year.

**Police and Firefighters Retirement System**

The Police and Firefighters Retirement System is a single-employer defined benefit plan which covers all police and firefighters. The City's payroll for employees covered by the plan applicable to the January 1, 1995 actuarial valuation was approximately \$31,314,000. The total

**CITY OF FORT LAUDERDALE, FLORIDA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995**

City payroll at that time was approximately \$87,579,000. As of the valuation date, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	475
Fully, partially and non-vested active plan participants	707

Under the vesting provisions of the plan, employees are entitled to 100% of normal retirement benefits after 10 years of service beginning at age 47 or 50. Members who terminate prior to vesting are entitled to a refund of employee contributions plus interest at 3% per year. These benefit provisions and all other requirements are established by City ordinance.

Employees contribute from 6% to 7% of their earnings to the plan. In addition, contributions are received from the State of Florida. The City is required to contribute the remaining amounts necessary to fund the plan, based on an amount determined by the plan's actuaries as of January 1 each year.

**Funding: Status and Progress**

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the plan on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is called the "actuarial present value of credited projected benefits" and is independent of the funding method used to determine contributions to the plan.

The pension benefit obligations of the plans were computed as part of actuarial valuations performed as of October 1, 1994 for the General Employees Retirement System and January 1, 1995 for the Police and Firefighters Retirement System. Significant actuarial assumptions used in the valuations and the pension benefit obligations of the plans as of the valuation dates were as follows:

	<u>General Employees</u>	<u>Police and Firefighters</u>
Actuarial Assumptions:		
Annual rate of return on investment of present and future assets	7.5%	8%
Projected annual salary increases attributable to inflation	4.5%	5%
Additional projected annual salary increases attributable to seniority/merit	0%-2.4%	0%-3%
Post retirement benefit increases	None	None

**CITY OF FORT LAUDERDALE, FLORIDA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995**

	<u><b>General Employees</b></u>	<u><b>Police and Firefighters</b></u>	<u><b>Total</b></u>
<b>Pension Benefit Obligation</b>			
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 83,057,000	123,028,000	206,085,000
<b>Current employees</b>			
Accumulated employee contributions including allocated investment earnings	18,532,000	16,016,000	34,548,000
Employer-financed vested	54,028,000	84,563,000	138,591,000
Employer-financed nonvested	<u>6,707,000</u>	<u>9,417,000</u>	<u>16,124,000</u>
<b>Total pension benefit obligation</b>	162,324,000	233,024,000	395,348,000
 Net assets available for benefits, at cost	 <u>137,165,000</u>	 <u>179,322,000</u>	 <u>316,487,000</u>
 Unfunded pension benefit obligation	 \$ <u>25,159,000</u>	 <u>53,702,000</u>	 <u>78,861,000</u>

The market value of nets assets available for benefits was \$146,190,000 for the General Employees plan and \$188,596,000 for the Police and Firefighters plan.

During the year there was a net change of \$(4,422,000) in the pension benefit obligation for the General Employees plan attributable to changes in benefit provisions of \$9,377,000, benefit payments of \$(9,537,000) and other changes, including revisions in actuarial assumptions of \$(4,262,000). There was also a change of \$6,284,700 in the pension benefit obligation for the Police and Firefighters plan attributable to changes in benefit provisions.

**Actuarially Determined Contribution Requirements and Contributions Made**

The funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the individual entry age actuarial funding method for both plans. The General Employees plan uses the level dollar method to amortize the unfunded actuarial accrued liability over a closed 40 year period. The Police and Firefighters plan uses the level percentage of payroll method over a period of 20 to 40 years.

The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation as described under funding status and progress, above.

The contribution requirements determined through actuarial valuations performed as of October 1, 1994 for the General Employees plan and January 1, 1994 for the Police and Firefighters plan and actual contributions made for 1995 were as follows:

**CITY OF FORT LAUDERDALE, FLORIDA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995**

	<u>General Employees</u>		<u>Police and Firefighters</u>	
	<u>Amount</u>	<u>Percent of Payroll</u>	<u>Amount</u>	<u>Percent of Payroll</u>
<b>Contribution Requirements:</b>				
Normal cost	\$ 6,390,793	14.9%	5,211,034	17.3%
Unfunded actuarial accrued liability	<u>2,408,314</u>	<u>5.6</u>	<u>5,110,486</u>	<u>17.0</u>
	<u>\$ 8,799,107</u>	<u>20.5%</u>	<u>10,321,520</u>	34.3 %
<b>Contributions Made:</b>				
City	\$ 6,253,916	14.9%	6,534,875	21.7%
Employees	2,804,608	6.7	2,309,346	7.7
State of Florida	<u>0</u>	<u>0.0</u>	<u>1,944,969</u>	<u>6.5</u>
	<u>\$ 9,058,524</u>	<u>21.6%</u>	<u>10,789,190</u>	<u>35.9%</u>

During the year there was a net change of approximately \$1,050,000 in City contribution requirements for the General Employees plan of which \$903,000 was attributable to benefit changes, \$672,000 was required to comply with Florida statutes and \$(525,000) was due to other changes including changes in actuarial assumptions. For the Police and Firefighters plan, benefit changes impacted the City contribution requirements by approximately \$790,000.

**Trend Information**

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. As of the valuation dates indicated, three year historical trend information on the plans using market values is as follows:

	<u>General Employees</u>			<u>Police and Firefighters</u>		
	<u>As of October 1</u>			<u>As of January 1</u>		
	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
Net assets available for benefits as a percentage of pension benefit obligation	90.1 %	88.6%	80.5%	80.9%	89.3%	84.2%
Unfunded pension benefit obligation as a percentage of annual covered payroll	38.6%	43.8%	73.5%	141.9%	76.2%	108.3%
City contributions made in accordance with actuarially determined requirements as a percentage of annual covered payroll	14.9%	12.0%	13.5%	25.6%	21.7%	22.0%

CITY OF FORT LAUDERDALE, FLORIDA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995

Ten year historical trend information is presented in separately issued financial statements for the Police and Firefighters Plan and in the statistical section of this report for the General Employees' Plan. This information is useful in assessing the accumulation of sufficient assets to pay pension benefits as they become due.

(14) OTHER POSTEMPLOYMENT BENEFITS:

The City provides a postemployment health insurance benefit for its sworn police officers. Under the agreement police officers are paid from \$100 to \$300 per month upon normal retirement for the purchase of health insurance. The benefit continues until age 65 and is funded on a pay-as-you-go basis by the General Fund. As of September 30, 1995 there were 59 retired police officers receiving the benefit with an additional 445 officers eligible for participation in the future. Monthly payments totaled \$104,800 for the year.

(15) DEFERRED COMPENSATION PLAN:

The City offers a deferred compensation plan to its employees in addition to the pension plans. Participation is optional. All amounts of compensation deferred, all property or rights to property purchased with amounts deferred, and any income earned on property purchased with amounts deferred remain assets of the City subject to the claims of its general creditors until withdrawn by the employee participant. Although the City has no liability for losses under the plan, it does have the duty of due care that would be required of an ordinary prudent investor. It is anticipated that the City will never use the assets to satisfy claims of general creditors in the future.

(16) OTHER INCOME:

The components of other income on the combined statement of revenues, expenditures and changes in fund balances - all governmental fund types follow:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Interfund Service Charges	\$ 10,487,129	17,576	0	0	10,504,705
Interest	723,027	330,331	125,583	1,220,676	2,399,617
Rents and Concessions	1,551,794	0	0	0	1,551,794
Sale of Property	21,343	0	0	0	21,343
Contributions and Donations	9,532	0	0	171,214	180,746
Miscellaneous	<u>301,390</u>	<u>211,367</u>	<u>0</u>	<u>23,314</u>	<u>536,071</u>
	<u>\$ 13,094,215</u>	<u>559,274</u>	<u>125,583</u>	<u>1,415,204</u>	<u>15,194,276</u>

CITY OF FORT LAUDERDALE, FLORIDA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995

(17) EQUITY TRANSFERS:

Transfers of equity between funds are recorded as equity transfers in the governmental funds and as equity transfers or as additions to and deletions of contributions in the enterprise and internal service funds. A summary of these transactions for the year ended September 30, 1995 follows:

	Equity Transfers <u>In</u>	Equity Transfers <u>Out</u>	Additions To <u>Contributions</u>	<u>Total</u>
Governmental Funds	\$ 9,359	(120,679)	0	(111,320)
Enterprise Funds	0	(505,961)	177,902	(328,059)
Internal Service Funds	<u>0</u>	<u>0</u>	<u>439,379</u>	<u>439,379</u>
	<u>\$ 9,359</u>	<u>(626,640)</u>	<u>617,281</u>	<u>0</u>

(18) OPERATING LEASES:

On September 1, 1962 the City entered into a lease agreement with Bahia Mar Yachting Center, Inc. (Bahia Mar) for the purpose of constructing and operating a restaurant, lounge, yacht club, motel/hotel, convention hall, marine facilities and other similar businesses. The cost of the property at the inception of the lease was \$552,000. On June 30, 1994 this lease was assumed by RAHN Bahia Mar, LTD. and, as amended, will terminate on August 31, 2062, at which time, all additions to the property originally leased to Bahia Mar will revert to the City.

The lease agreement provides for a minimum guaranteed annual rental of \$300,000 per year. In addition, the City receives contingent rentals (\$159,528 in 1995) based upon escalating percentages of gross receipts for the duration of the agreement.

The City has various aviation leases and nonaviation land leases which are accounted for as operating leases in the Airport Fund. Minimum future rentals on these leases as of September 30, 1995 follow:

	<u>Aviation Leases</u>	<u>Land Leases</u>	<u>Total</u>
Fiscal Year Ending in:			
1996	\$ 552,480	1,661,383	2,213,863
1997	540,743	1,661,383	2,202,126
1998	536,830	1,661,383	2,198,213
1999	536,830	1,661,383	2,198,213
2000	536,830	1,661,383	2,198,213
Later Years	<u>10,143,133</u>	<u>55,164,618</u>	<u>65,307,751</u>
	<u>\$ 12,846,846</u>	<u>63,471,533</u>	<u>76,318,379</u>

Contingent rentals on these leases amounted to \$702,743 in the current year.

CITY OF FORT LAUDERDALE, FLORIDA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995

(19) SEGMENTS OF ENTERPRISE ACTIVITIES:

Various services provided by the City are financed by user charges including water and sewer, sanitation, parking, airport and stormwater. The key financial information (in thousands) for the year ended September 30, 1995 for these services follow:

	Water and <u>Sewer</u>	<u>Sanitation</u>	<u>Parking System</u>	<u>Airport</u>	<u>Stormwater</u>	<u>Total</u>
Operating Revenues	\$ 46,065	15,791	6,165	3,260	2,967	74,248
Depreciation	6,683	353	664	589	13	8,302
Discount Amortization	46	0	74	0	0	120
Operating Income (Loss)	3,949	374	2,146	(188)	1,735	8,016
Operating Transfers In	870	67	8	8	0	953
Operating Transfers Out	2,047	0	959	0	878	3,884
Net Income (Loss)	6,046	438	980	339	1,183	8,986
Capital Contributions	95	(47)	25	0	178	251
Fixed Asset Additions	12,325	12	257	333	317	13,244
Fixed Asset Deletions	38	53	0	5	0	96
Net Working Capital	39,186	894	8,150	8,087	5,250	61,567
Total Assets	323,166	4,769	31,913	17,966	5,661	383,475
Long-Term Bonds	32,380	0	10,815	0	0	43,195
Other Long-Term Liabilities	0	20,500	0	0	0	20,500
Total Equity	282,361	(18,256)	21,106	16,500	5,427	307,138

(20) COMMITMENTS AND CONTINGENT LIABILITIES:

The City has outstanding commitments for construction and acquisition of property, plant and equipment in the various enterprise funds. The following is a summary of the more significant of these commitments at September 30, 1995:

<u>Water and Sewer Fund</u>	
Injection Well Program	\$ 3,377,445
Collection and Distribution Systems	4,505,303
Water Treatment Plant Improvements	695,774
Other	<u>1,054,973</u>
	<u>9,633,495</u>
<u>Parking Fund</u>	
Parking Lots	<u>117,774</u>
<u>Airport Fund</u>	
Taxiway Improvements	1,009,068
Downtown Heliport	<u>57,984</u>
	<u>1,067,052</u>
	<u>\$ 10,818,321</u>



CITY OF FORT LAUDERDALE, FLORIDA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995

(17) EQUITY TRANSFERS:

Transfers of equity between funds are recorded as equity transfers in the governmental funds and as equity transfers or as additions to and deletions of contributions in the enterprise and internal service funds. A summary of these transactions for the year ended September 30, 1995 follows:

	Equity Transfers <u>In</u>	Equity Transfers <u>Out</u>	Additions To <u>Contributions</u>	<u>Total</u>
Governmental Funds	\$ 9,359	(120,679)	0	(111,320)
Enterprise Funds	0	(505,961)	177,902	(328,059)
Internal Service Funds	<u>0</u>	<u>0</u>	<u>439,379</u>	<u>439,379</u>
	<u>\$ 9,359</u>	<u>(626,640)</u>	<u>617,281</u>	<u>0</u>

(18) OPERATING LEASES:

On September 1, 1962 the City entered into a lease agreement with Bahia Mar Yachting Center, Inc. (Bahia Mar) for the purpose of constructing and operating a restaurant, lounge, yacht club, motel/hotel, convention hall, marine facilities and other similar businesses. The cost of the property at the inception of the lease was \$552,000. On June 30, 1994 this lease was assumed by RAHN Bahia Mar, LTD. and, as amended, will terminate on August 31, 2062, at which time, all additions to the property originally leased to Bahia Mar will revert to the City.

The lease agreement provides for a minimum guaranteed annual rental of \$300,000 per year. In addition, the City receives contingent rentals (\$159,528 in 1995) based upon escalating percentages of gross receipts for the duration of the agreement.

The City has various aviation leases and nonaviation land leases which are accounted for as operating leases in the Airport Fund. Minimum future rentals on these leases as of September 30, 1995 follow:

	Aviation <u>Leases</u>	Land <u>Leases</u>	<u>Total</u>
Fiscal Year Ending in:			
1996	\$ 552,480	1,661,383	2,213,863
1997	540,743	1,661,383	2,202,126
1998	536,830	1,661,383	2,198,213
1999	536,830	1,661,383	2,198,213
2000	536,830	1,661,383	2,198,213
Later Years	<u>10,143,133</u>	<u>55,164,618</u>	<u>65,307,751</u>
	<u>\$ 12,846,846</u>	<u>63,471,533</u>	<u>76,318,379</u>

Contingent rentals on these leases amounted to \$702,743 in the current year.

CITY OF FORT LAUDERDALE, FLORIDA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995

(19) SEGMENTS OF ENTERPRISE ACTIVITIES:

Various services provided by the City are financed by user charges including water and sewer, sanitation, parking, airport and stormwater. The key financial information (in thousands) for the year ended September 30, 1995 for these services follow:

	Water and <u>Sewer</u>	<u>Sanitation</u>	<u>Parking System</u>	<u>Airport</u>	<u>Stormwater</u>	<u>Total</u>
Operating Revenues	\$ 46,065	15,791	6,165	3,260	2,967	74,248
Depreciation	6,683	353	664	589	13	8,302
Discount Amortization	46	0	74	0	0	120
Operating Income (Loss)	3,949	374	2,146	(188)	1,735	8,016
Operating Transfers In	870	67	8	8	0	953
Operating Transfers Out	2,047	0	959	0	878	3,884
Net Income (Loss)	6,046	438	980	339	1,183	8,986
Capital Contributions	95	(47)	25	0	178	251
Fixed Asset Additions	12,325	12	257	333	317	13,244
Fixed Asset Deletions	38	53	0	5	0	96
Net Working Capital	39,186	894	8,150	8,087	5,250	61,567
Total Assets	323,166	4,769	31,913	17,966	5,661	383,475
Long-Term Bonds	32,380	0	10,815	0	0	43,195
Other Long-Term Liabilities	0	20,500	0	0	0	20,500
Total Equity	282,361	(18,256)	21,106	16,500	5,427	307,138

(20) COMMITMENTS AND CONTINGENT LIABILITIES:

The City has outstanding commitments for construction and acquisition of property, plant and equipment in the various enterprise funds. The following is a summary of the more significant of these commitments at September 30, 1995:

<u>Water and Sewer Fund</u>	
Injection Well Program	\$ 3,377,445
Collection and Distribution Systems	4,505,303
Water Treatment Plant Improvements	695,774
Other	<u>1,054,973</u>
	<u>9,633,495</u>
<u>Parking Fund</u>	
Parking Lots	<u>117,774</u>
<u>Airport Fund</u>	
Taxiway Improvements	1,009,068
Downtown Heliport	<u>57,984</u>
	<u>1,067,052</u>
	<u>\$ 10,818,321</u>

**CITY OF FORT LAUDERDALE, FLORIDA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995**

**(19) SEGMENTS OF ENTERPRISE ACTIVITIES:**

Various services provided by the City are financed by user charges including water and sewer, sanitation, parking, airport and stormwater. The key financial information (in thousands) for the year ended September 30, 1995 for these services follow:

	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Parking System</u>	<u>Airport</u>	<u>Stormwater</u>	<u>Total</u>
Operating Revenues	\$ 46,065	15,791	6,165	3,260	2,967	74,248
Depreciation	6,683	353	664	589	13	8,302
Discount Amortization	46	0	74	0	0	120
operating Income (Loss)	3,949	374	2,146	(188)	1,735	8,016
Operating Transfers In	870	67	8	8	0	953
Operating Transfers Out	2,047	0	959	0	878	3,884
Net Income (Loss)	6,046	438	980	339	1,183	8,986
Capital Contributions	95	(47)	25	0	178	251
Fixed Asset Additions	12,325	12	257	333	317	13,244
Fixed Asset Deletions	38	53	0	5	0	96
Net Working Capital	39,186	894	8,150	8,087	5,250	61,567
Total Assets	323,166	4,769	31,913	17,966	5,661	383,475
Long-Term Bonds	32,380	0	10,815	0	0	43,195
Other Long-Term Liabilities	0	20,500	0	0	0	20,500
Total Equity	282,361	(18,256)	21,106	16,500	5,427	307,138

**(20) COMMITMENTS AND CONTINGENT LIABILITIES:**

The City has outstanding commitments for construction and acquisition of property, plant and equipment in the various enterprise funds. The following is a summary of the more significant of these commitments at September 30, 1995:

**Water and Sewer Fund**

Injection Well Program	\$ 3,377,445
Collection and Distribution Systems	4,505,303
Water Treatment Plant Improvements	695,774
Other	<u>1,054,973</u>
	<u>9,633,495</u>

**Parking Fund**

Parking Lots	<u>117,774</u>
--------------	----------------

**Airport Fund**

Taxiway Improvements	1,009,068
Downtown Heliport	<u>57,984</u>
	<u>1,067,052</u>

**\$ 10,818,321**

**CITY OF FORT LAUDERDALE, FLORIDA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995**

In connection with the issuance by the Performing Arts Center Authority (PACA) of a \$9,885,000 revenue bond issue needed to complete construction of the center, the City has made a pledge of the net revenue of the parking system in an amount not to exceed \$500,000 annually should certain PACA revenues be insufficient to pay the debt service on the bonds.

On August 9, 1990 the City's wastewater biosolids compost plant was voluntarily taken out of service due to mechanical and odor control system problems. To address the disposal of the wastewater solids generated at the City's regional wastewater treatment plant, the City determined, from both an economic and regulatory standpoint, that the most viable solution was land application of the solids under a long-term lease arrangement. The cost of the existing plant, which currently has a book value of \$24.1 million, was partially reimbursed by \$15.8 million in Environmental Protection Agency (EPA) grant funds and the City is negotiating with the EPA on whether those funds would have to be repaid if the compost plant is closed permanently. If that were to occur, the City would then upgrade the existing plant at an estimated cost of \$7 million and reinstate its operation in lieu of repaying the grant.

The City participates in a number of state and Federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. As provided by terms of their grant, the EPA conducted an interim audit of the compost plant project in 1994 and requested reimbursement of \$1 million at that time. The City has vigorously disputed the EPA's findings and the situation remains unchanged at this time. No liability has been recognized in the Water and Sewer Fund for this contingency as it is management's belief that the final resolution will not have a material impact on the City's financial statements.

The Environmental Protection Agency has conducted a remedial investigation at the City's Peele Dixie wellfield site to determine the source of ground water contamination. A primary source for the contamination was determined by the EPA to be a former waste oil reclamation facility. Based upon this information, the City firmly believes that it will not incur additional expenses toward the remediation of the contaminated wellfield site.

Various substantial lawsuits have been filed against the City including personal injury claims, liability claims related to police activities and general liability claims. The estimated liabilities related to the various claims have been accrued in the City Insurance Internal Service Fund. In the opinion of City management, the expected liability for these claims would not materially exceed the amounts recorded in the financial statements.